



NATIONAL LEAGUE OF POSTMASTERS OF THE UNITED STATES

1023 N. Royal St., Alexandria, VA 22314-1569 • Telephone—(703) 548-5922

STATEMENT OF
R. FAIN HAMBRIGHT, PRESIDENT
NATIONAL LEAGUE OF POSTMASTERS
BEFORE THE
COMMITTEE ON POST OFFICE & CIVIL SERVICE
U.S. HOUSE OF REPRESENTATIVES
HEARINGS ON FORD - OAKAR
CIVIL SERVICE SUPPLEMENTAL RETIREMENT SYSTEM
OCTOBER 23, 1985

I AM R. FAIN HAMBRIGHT, PRESIDENT OF THE NATIONAL LEAGUE OF POSTMASTERS. OUR ORGANIZATION REPRESENTS ALL POSTMASTERS THROUGHOUT THIS NATION.

WE ALSO REPRESENT MORE THAN 50,000 OTHER FEDERAL EMPLOYEES AS ASSOCIATE MEMBERS ENROLLED IN OUR POSTMASTERS BENEFIT PLAN.

AS TIME IS LIMITED, I WILL KEEP MY COMMENTS BRIEF, AND WILL ONLY TOUCH UPON AREAS OF MAJOR CONCERN TO THE LEAGUE.

MR. CHAIRMAN, I WANT TO MAKE IT CLEAR THAT THE LEAGUE RECOGNIZES AND DEEPLY APPRECIATES ALL OF THE TIME, EFFORT AND THOUGHT WHICH YOU, REPRESENTATIVE OAKAR, OTHER MEMBERS OF THE COMMITTEE, AND YOUR RESPECTIVE STAFFS, HAVE PUT INTO DEVELOPING AN EQUITABLE SUPPLEMENTAL RETIREMENT PLAN FOR NEW EMPLOYEES THAT PROVIDES BENEFITS AS COMPARABLE AS POSSIBLE TO THOSE OF THE EXISTING CIVIL SERVICE RETIREMENT SYSTEM (CSRS).

THE PROPOSED FORD - OAKAR PLAN IS BY FAR THE BEST CIVIL SERVICE

SUPPLEMENTAL RETIREMENT PLAN WHICH HAS BEEN INTRODUCED THUS FAR IN EITHER HOUSE, AND IT GOES A LONG WAY TOWARD MEETING OUR GOAL OF ENSURING THAT FUTURE POSTMASTERS WILL RECEIVE RETIREMENT, DISABILITY AND SURVIVOR BENEFITS WHICH MEET THEIR NEEDS AND WHICH ARE CLOSE TO THOSE WHICH PRESENT POSTMASTERS AND RETIREES RECEIVE.

IN RECENT YEARS, WE HAVE WITNESSED NEW POSTAL WORKERS SUBJECTED TO A LOWER WORKING STATUS THAN THEIR COWORKERS, WITH BENEFITS AND WAGES SET BELOW THOSE OF INDIVIDUALS PERFORMING IDENTICAL SERVICES. AS A MATTER OF PRINCIPLE, WE OPPOSE THE WHOLE IDEA OF TWO-TIER EMPLOYMENT.

WE FIRMLY BELIEVE THAT TWO EMPLOYEES IN THE SAME POSITION, DOING EXACTLY THE SAME JOB, OUGHT, BY RIGHT, TO RECEIVE EXACTLY THE SAME PAY, HEALTH AND RETIREMENT BENEFITS, AS WELL AS ANY OTHER PRIVILEGES AND COMPENSATIONS. ACCORDINGLY, WE OPPOSED, FROM THE BEGINNING, THE ENTIRE CONCEPT OF SOCIAL SECURITY COVERAGE FOR POST - 1983 FEDERAL AND POSTAL EMPLOYEES. OUR POSITION REMAINS UNCHANGED. UNFORTUNATELY, WE LOST THAT FIGHT AND NOW MUST ENDURE THE INSTITUTION OF A TWO-TIER CIVIL SERVICE RETIREMENT SYSTEM.

ADDRESSING SPECIFICALLY THE FORD-OAKAR PROPOSAL, THE LEAGUE DOES NOT BELIEVE THAT ANY PIECE OF LEGISLATION CAN BE CONSIDERED IN A VACUUM. IF THIS COULD BE, THEN, OF COURSE, WE COULD EMBRACE THE PROPOSED FORD - OAKAR PLAN AS INCLUDING, GIVEN A FEW ADJUSTMENTS, ALMOST EVERY PROVISION WHICH WE HAVE ADVOCATED IN PAST TESTIMONY. WE FIND THE ACCRUAL RATE A LITTLE LOW; THE SURVIVOR ANNUITY IS 50%;

RATHER THAN 55% AS IN THE CURRENT SYSTEM; AND WE HAVE CONCERNS REGARDING THE IMPACT THAT REQUIRED POSTAL SERVICE FUNDING MAY HAVE ON THE FUTURE OF OUR INDUSTRY, AND RESERVATIONS REGARDING THE LACK OF AN OPTION FOR PRE-1984 EMPLOYEES TO JOIN THE NEW PLAN.

IN THE REAL WORLD, THERE ARE MANY FACTORS, HISTORIC, ECONOMIC, POLITICAL AND LEGISLATIVE, WHICH AFFECT THE PROSPECTS OF ANY MAJOR PIECE OF LEGISLATION. AND WE CONSIDER THE FINAL VERSION OF A NEW CIVIL SERVICE SUPPLEMENTAL RETIREMENT PLAN TO BE AN EXTREMELY IMPORTANT PIECE OF LEGISLATION WITH VERY FAR REACHING CONSEQUENCES FOR OUR MEMBERS, FOR THE FEDERAL GOVERNMENT, AND FOR THIS NATION.

THE STRONG HISTORICAL TIDE WHICH HAS BEEN CARRYING US ALL ALONG TOWARD THIS DAY HAS BEEN THE MOVEMENT TOWARD UNIVERSAL COVERAGE UNDER THE SOCIAL SECURITY SYSTEM. ONCE A CIVIL SERVICE RETIREMENT PLAN, WHICH INCLUDES SOCIAL SECURITY, IS FINALLY IN PLACE, I BELIEVE THAT IT IS ONLY A MATTER OF TIME BEFORE, EVENTUALLY, ALL CIVIL SERVANTS ARE PLACED UNDER SOCIAL SECURITY. INDEED THEY ARE NOW ALL COVERED BY MEDICARE. IT IS INCONCEIVABLE TO US, EVEN WITH THE MOST WELL-INTENDED ASSURANCES, THAT PRE-1984 EMPLOYEES WILL NOT BE AFFECTED BY THE NEW SYSTEM.

THE POWERFUL ECONOMIC FORCES BUFFETING US TODAY INCLUDE THE TWIN THREATS OF CHRONIC INFLATION AND OF THE EVER-GROWING FEDERAL BUDGET DEFICIT. AS BUDGET-SLASHING FEVER HAS SPREAD AMONG OUR LAWMAKERS, CIVIL SERVICE PAY, HEALTH AND RETIREMENT BENEFITS, AND PARTICULARLY COST-OF-LIVING ADJUSTMENTS, HAVE BECOME THE MOST

POPULAR TARGETS. EACH YEAR, IT IS ALL WE CAN DO TO LIMIT CUTS OF OUR BENEFITS AND COLAS. WE ALL KNOW THAT A MAJOR IMPETUS BEHIND THE CREATION OF A "NEW" CIVIL SERVICE RETIREMENT PLAN HAS BEEN TO REDUCE COSTS. IT IS QUITE OBVIOUS THAT A PLAN COSTING SLIGHTLY MORE THAN THE CURRENT CSRS - 25.5% OF PAYROLL VERSUS ABOUT 25% - HAS LITTLE CHANCE OF SURVIVING IN THIS ECONOMIC AND POLITICAL CLIMATE OF DEFICIT REDUCTION. EVEN NOW, THE ADMINISTRATION IS OPPOSING SENATOR STEVENS' PLAN, WHICH COSTS A MERE 21.9% OF PAYROLL!

THERE ARE CERTAIN PROVISIONS WHICH WE ARE ADAMANT ABOUT RETAINING IN ANY CIVIL SERVICE SUPPLEMENTAL RETIREMENT PLAN, THESE ARE THE AGE AND YEARS OF SERVICE ELIGIBILITY REQUIREMENTS, ADEQUATE FUNDING OF THE CSR FUND, AND FULL COLAS. WITHOUT THESE, THERE IS NO WAY THAT THE NEW SYSTEM CAN BE COMPARABLE TO THE CURRENT SYSTEM. EVEN THOUGH KEEPING UNREDUCED RETIREMENT AT AGE 55 WITH 30 YEARS SERVICE IS RELATIVELY INEXPENSIVE, THIS PROVISION IN THE CURRENT SYSTEM HAS BEEN MADE A MAJOR TARGET OF THE ADMINISTRATION AND OF CONSERVATIVE, ANTI-FEDERAL GROUPS. MEANWHILE, THE PRIVATE SECTOR IS MOVING TOWARD EARLIER RETIREMENT! IT IS HARD TO BELIEVE IN A PROPOSED PLAN WHICH PROMISES FULL COLAS WHEN, EVEN NOW, WE DON'T ACTUALLY RECEIVE THEM EXCEPT IN NAME ONLY. JUST THIS YEAR, THE SENATE AGREED TO DO AWAY WITH THE FULL COLA, ONLY THE HOUSE STANDS BETWEEN US AND A REDUCTION.

CURRENTLY, A HUE AND CRY FOR "TAX REFORM" ECHOES THROUGH THE HALLS OF CONGRESS. IN ONE ROOM, THE COMMITTEE WITH RESPONSIBILITY OVER FEDERAL RETIREMENT IS DESIGNING A SUPPLEMENTAL RETIREMENT PLAN

WHOSE MOST ATTRACTIVE FEATURE, AND THE ONE UPON WHICH AN ADEQUATE POST-RETIREMENT WAGE REPLACEMENT RATE DEPENDS, IS A TAX-DEFERRED 401(K) THRIFT PLAN. IN ANOTHER ROOM, ANOTHER COMMITTEE IS BUSILY SHARPENING AN AX, POSSIBLY TO KILL, POSSIBLY JUST TO AMPUTATE, THOSE VERY 401(K) PLANS. CAN WE RECOMMEND EMBRACE OF THE TURKEY ON THANKSGIVING EVE?

POLITICALLY, IT IS VERY FASHIONABLE TODAY TO ATTACK THE FEDERAL AND POSTAL WORKFORCE. THEY ARE PURPORTED TO BE, "OVERPAID, UNDERWORKED, DOUBLE-DIPPING, AND LIVING HIGH OFF THE TAXPAYERS' HOG". EVERYONE HERE TODAY KNOWS THAT THIS COULD NOT BE FURTHER FROM THE TRUTH. ACCORDING TO THE HAY STUDY, FEDERAL PAY IS FAR BELOW THAT OF THE PRIVATE SECTOR. TOTAL FEDERAL COMPENSATION IS, ON AVERAGE, OVER 7.2% BELOW THAT OF WORKERS IN THE PRIVATE SECTOR. THE CURRENT CIVIL SERVICE PENSION IS THE ONLY COMPONENT OF FEDERAL COMPENSATION WHICH IS COMPETITIVE WITH THE PRIVATE SECTOR. EVEN SO, MANY FEDERAL PENSIONERS HOVER JUST ABOVE THE POVERTY LINE. YET, SOME PEOPLE CONTINUE TO INSIST THAT WE MUST LOOK AT THE CIVIL SERVICE RETIREMENT SYSTEM IN ISOLATION, NOT IN THE CONTEXT OF AN INADEQUATE TOTAL COMPENSATION PACKAGE; AND NOT IN THE CONTEXT OF FEDERAL PERSONNEL POLICY.

POSTMASTERS ARE A VERY PATRIOTIC AND RESPONSIBLE GROUP, THEY ARE CERTAINLY WILLING TO DO THEIR SHARE OF PITCHING IN TO HELP REDUCE THE FEDERAL DEFICIT. I BELIEVE THAT THEY HAVE ALREADY BEEN DOING MORE THAN THEIR SHARE, AS HAVE ALL OF THE OTHER FEDERAL AND POSTAL GROUPS. I BELIEVE THAT WE HAVE REACHED OUR LIMIT. IT IS TIME FOR OTHER

GROUPS AND OTHER SECTORS OF SOCIETY TO CONTRIBUTE AND TO SACRIFICE.
WE ARE DOWN TO THE BONE NOW!

I SUBMIT, AND I FIRMLY BELIEVE, THAT TO REDUCE THE CIVIL SERVICE PENSION WOULD BE A VERY GRAVE ERROR, AND A VERY SHORT-SIGHTED ONE. IN MANY CASES, THE CURRENT CIVIL SERVICE PENSION MAY BE THE ONLY FACTOR PREVENTING A GOOD EMPLOYEE FROM LEAVING GOVERNMENT SERVICE. WE ARE JUST NOT COMPETITIVE. I URGE THIS COMMITTEE, AND THE FULL HOUSE AND SENATE, AS WELL AS THE ADMINISTRATION, NOT TO BE PENNY-WISE AND POUND-FOOLISH.

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE FOR GIVING ME THE OPPORTUNITY TO EXPRESS THE VIEWS OF THE LEAGUE. WE STAND READY TO ASSIST YOU IN ANY WAY POSSIBLE TO ACHIEVE A FINAL SUPPLEMENTAL RETIREMENT PLAN WHICH WILL BE EQUITABLE AND WHICH WILL ENSURE THE DIGNITY AND SECURITY IN OLD AGE WHICH FEDERAL AND POSTAL EMPLOYEES HAVE EARNED AND RICHLY DESERVE.